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Jordanian Women's Development Society

Promoter's Manual

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INTRODUCTION:

The Group Guarantee Lending and Saving Program “GGLS” was launched in Jordan in 1994 by the SOS Foundation. In December 1996 it was transferred to the Jordanian Women’s Development Society (JWDS). The JWDS is governed by a five member Board of Directors and has as it’s honorary chair Her Highness Princess Dina Merid. It’s vision is to help establish “a productive business for every needy person”. It’s specific mission is “to serve small and medium businesses in a sustainable way”.

GGLS was inspired by various successful group lending programs such as Grameen Bank in Bangladesh, FINCA in Latin America and Working Capital in the USA . Each of these organizations use group membership to replace traditional forms of collateral in order to make loans to entrepreneurs who are unable to access credit from conventional sources. Group are self-forming and self-managed. Every member must approve and guarantee every other member and cover the payment of any member who cannot or will not make her own payments. Self-selection is basic to the success of the program. Groups that are created by the organization tend to lack the foundation of trust that ensures the functioning of the guarantee mechanism.

The GGLS of the JWDS targets women who have an existing business activity or who are willing to start a business. Women are targeted for several reasons:

- historically women have proven to be the most reliable borrowers;
- Microfinance operations around the world have consistently shown that women have higher repayment rates than men;
- women are directly responsible for feeding their children and thus business profits are more likely to have a direct impact on family health;
- women have less access to credit than men thus tend to value and protect their access to micro-finance services;
- as women develop their businesses and meet together in self-managed groups their capacity for decision making in the home and community is enhanced.

The focus on enterprise activities ensures that the loans will be used to increase the productivity and profit of the business. This helps to ensure maximum impact of the loan on the business, family and timely repayment of the loan. In addition, borrowers with businesses recognize and value their access to credit and are motivated to repay in order to ensure continued access to loans.

Loan sizes start small (75 JD or 100JD) and grow in small increments, this helps to:

- screen out more well to do women who do not need small loans (ensures JWDS reaches it’s lower income target);

- reduce risk for the borrower and JWDS. If the business activity does not succeed it is easier for the group to pay off a smaller loan;
- ensure that growing businesses have continued access to capital but do not get into a debt that is larger than they can manage.

Loan terms are short (18-26 weeks) to ensure that loans are used for working capital in businesses with high turnover. Biweekly repayment keeps installment amounts small enough to be manageable. Regular group meetings help to build group solidarity, alert members to any problems a member may face in her business and provide a forum for discussion and action regarding community and family affairs.

In order to ensure the viability of the organization and it's ability to offer it's clients continued access to credit over the long term, JWDS must charge an administration fee that covers it's costs of operation and capital. Depending on the loan term this rate ranges from 8% to 12%.

This approach to lending has been tested and proven all over the world. While there are many ingredients that go into making the program a success the key element is group quality. This Manual has been created to equip JWDS Promoters to train groups of women in the process of screening, assessing, approving and collecting loans from each other. The manual is divided into four sections: staffing, policies, procedures and appendices.

STAFFING

Promoter Job Description

Title: Promoter

Supervisor: Credit Officer

Duties:

Area/Partner Development

- Conduct promotional meetings in working areas to explain the program to potential borrowers

Group Formation, Training & Supervision

- Facilitate formation of GGLS groups according to the working plan and targets in the working area
- Attend all group meetings and try to solve problems and issues
- Train group members in GGLS methodology
- Identify additional training /technical assistance needs of groups/borrowers
- Supervise members of the executive committees of the GGLS groups
- Ensure that treasurer maintains a record of savings and payments for each borrower – responsible for immediately informing Credit Officer if treasurer's records are not current or accurate

Loan Disbursement & Collection

- ensure that GGLS applications and baseline data is completed for each member in group at the beginning of each cycle
- Ensure loans are repaid in a timely manner – responsible for immediately informing Credit Officer of delinquent payments
- Investigate and resolve late and default loan payments and keep records of all collection activities

Record keeping and Reporting

- Keep and maintain file for each GGLS group
- Maintain weekly schedule of activities
- Submit and prepare reports as requested by Credit Officer

Qualifications of Promoters:

- Familiar with community where GGLS activities are conducted
- Literate
- Numerate
- Able to manage groups of women
- Physically capable of performing field work

Conflict of interest:

JWDS staff and members of their immediate family are not eligible for JWDS loans. Family members outside their immediate family may get a loan by joining a group that is not connected to their family member on staff.

JWDS staff may not mix personal business with JWDS business. For example, if a Promoter has another business in addition to her work with JWDS she cannot solicit JWDS group members for sales.

JWDS staff are not to accept personal gifts from clients. If a client or group of clients brings a gift the Promoter should make a point of donating it to the JWDS office or sharing it with other JWDS staff.

Promoter Incentive System

In addition to monthly salary monthly (quarterly?) incentives will be paid to Promoters on the following basis.

(current system (salaries, contract, incentives) - to be modified by CGAP team)

Outstanding Portfolio	Bonus (JD)	Repayment rate	Bonus Multiplier
5,000-7,500	5	< 93.00%	0
7,501-10,000	32	>= 93.00%	0.3
10,001-12,500	58	>= 95.00%	0.5
12,501-15,000	83	>= 96.00%	0.6
15,001-17,500	105	>= 96.50%	0.65
17,501-20,000	125	>= 97.00%	0.7
20,001-22,500	135	>= 97.50%	0.8
22,501-25,000	144	>= 98.00%	1
25,001-27,500	155	>= 98.50%	1.1
27,5001-30,000	165	>= 99.00%	1.2
30,001-32,500	175		
32,501-35,000	185		
35,001-37,250	195		
37,251-40,000	205		
40,001-42,500	210		
42,501-45,000	220		
45,001-47,500	230		
47,501-50,000	240		

Lending Policies

JWDS loans are issued for business purposes only. Group members are responsible for ensuring proper use of borrowed funds.

PART I - Group and Borrower Criteria:

Acceptable borrowers must:

- be at least 18 years of age and live and/or operate their business in the same neighborhood;
- own a business (or be willing to start one - maximum 2 start ups per group)
- provide National Identification Card;
- belong to a JWDS Group comprised of 10 members each of whom is from a household and business separate from those of other members;

Groups must:

- self-select its members;
- select a group leader, secretary and treasurer
- complete 3 preparatory meetings to be conducted by JWDS staff and be approved by the Credit Officer
- develop group by-laws regarding attendance, late payment penalties and defaults. Group by-laws must be approved by JWDS.

PART II - Responsibilities of the Group Members:

1. to properly assess members' character and loan applications and approve those loans on a **consensus** basis ONLY;
2. meet bi-weekly with their group;
3. to make timely payments on current loans and ensure the timely repayment of every other group member's loan;

4. to inform all other members of the group of any impending repayment problems;
5. to abide by the group's by-laws;
6. the composition of a group may only change between loan cycles;
7. until a group member's commitment to her group is fulfilled (i.e. her signature is no longer on any outstanding loans) that member may not leave or join another group;
8. groups members may not be more than 2 cycles apart from each other (i.e. groups in their third cycle may add new members but once the group is in it's fourth cycle no new members may join. The number of members in advanced cycle groups (4th cycle or higher) may drop to 5.

PART III - Responsibilities of the Group Leader:

1. contact members and arrange bi-weekly meetings and set agenda for meetings;
2. keep all group records including: a notebook with group bylaws; a copy of the group contract;
3. ensure all members are abiding by group bylaws;
4. go with the Treasurer to the bank to cash the loan check. (Check is made out in the name of the Leader and Treasurer);
5. ensure Treasurer makes timely deposit of payments at the bank;
6. be the main contact between JWDS and the Group;
7. take responsibility for mobilizing the group to follow up on late payments;
8. immediately communicate any repayment problem to JWDS and to inform JWDS of the plan the group has worked out to resolve the problem.

Responsibilities of the Treasurer:

1. go with the Group Leader to the bank to cash the loan check;
2. distribute loans to group members;
3. collect installments of loan payments and fines (late penalties 2 JD per day) from the group members and deposits payments in the JWDS account at the bank;
4. ensure the correct group and loan number (label?) is on the bank voucher and it is delivered to the Promoter within one day of payment;
5. keep accurate record of member payments and fines in the Treasurers Account form.

Responsibilities of the Secretary

1. register group by-laws and ensures all members sign;
2. take attendance at all meetings and register names of absentees;
3. register names of members and fines levied for lateness to meetings or in payment;
4. keep notes of discussions during all meetings;
5. read minutes of previous meeting at beginning of each meeting;
6. acts a group leader or treasurer if either of these are absent.

PART IV - JWDS Loans:

Loan contracts are made between JWDS and the group as a whole. Members are jointly and severally liable for loan repayment. The total size of loan available to the group is a sum of individual loans group members are eligible for and request.

Loan Sizes: Loans are disbursed in fixed amounts. The size of loan available increases with each cycle. Advanced cycle members may apply for a loan that is smaller than they are eligible for but it must be one of the fixed amounts of a previous cycle.

Terms: Repayment is made in 9, 11 or 13 equal bi-weekly installments. No prepayments are allowed. No partial payments are allowed. If a group is in breach of it's contract, JWDS can cancel the contract and call the loan. In this case the total loan (principal plus administration fee due up to that point) must be repaid.

Administration Fee: An administration fee is charged on all loans of 8%,10% or 12% (depending on the loan size) calculated on the initial loan amount. Loan amounts, terms and rates are summarized in the following table (to be approved by Save and the JWDS BoD).

loan cycle	loan size (JD)	term (weeks)	administration fee
1	75 (optional)	18	8%
2	100	18	8%
3	125	18	8%
4	150	22	10%
5	200	22	10%
6	250	22	10%
7	300	26	12%
8	350	26	12%

Payment Dates: Payment installments commence two weeks after the loan has been disbursed. Payments must be deposited into the JWDS/SAVE account at the local Housing Bank Branch. Promoters will not accept payments. Individual payments from group members will not be accepted by JWDS staff. Partial payments will not be accepted.

Loans may not be rescheduled or refinanced.

PART V - Loan Approvals

1. Each member of the group must fill out an application and explain how they plan to invest the loan. A loan application must be first assessed and approved by the borrower's group and then by JWDS. The application must be completed in full and signed by the applicant and Group Leader before it is submitted for JWDS's verification and approval.
2. The Credit Officer is responsible to approve the Group as a whole. This approval will include meeting the Group (usually in their third preparatory meeting) and site visits to at least one third of the member businesses.

3. Upon approval the Credit Officer will fill out the Loan Application form and submit it to JWDS head office for MIS approval.

PART VI - Subsequent Loan Application Process:

1. To process a subsequent loan the current loan must be fully paid off.
2. The group must review it's by-laws and make any appropriate changes
3. Eligibility for subsequent loans depends on the repayment performance of the previous loan. Any group that has 3 late payments will not be eligible for larger loans. After 5 late payments the group will be black listed and none of the members will be eligible for JWDS loans in the future. The Credit Officer must re-approve a group before it may apply for a new loan and check the businesses of any new members.
4. Each member must fill out a new application form and submit it for group approval and approval by JWDS.

NOTE: JWDS reserves the right to refuse to lend to any group whose intention to repay is in question.

PART VI - Follow up on Delinquent Payments

1. If an individual group member is late in her payment or defaults on her loan the other group members are **morally and legally obligated** to make up the late payment to JWDS and pursue the delinquent member. Specific actions to be taken by the Promoter is outlined in the chart below.

Delinquency Procedures:

# days late	Action to be taken by Promoter
1 focus on moral pressure	visit the Group Leader and <ol style="list-style-type: none">1. inform her that the group payment is late;2. get a payment commitment in writing3. document on the Collection Form all discussions, actions and agreements
2	If there is no payment contact the Leader and hold an emergency group meeting. <ol style="list-style-type: none">1. Inform them of the situation;2. hand over First Late Payment Notice and inform them this will become a permanent part of their group file;3. read the group by-laws regarding their action in this situation and your expectation of payment on the spot;4. if some members do not show up then the Promoter and all attending members will visit the homes of the others to collect payment and apply moral pressure (focus on benefits of loan and inform her that non-payment is theft - i.e. she is stealing money from her group members, the Promoter, future borrowers, and JWDS);5. if moral pressure has no effect then threaten to seize assets or inform family (as per group by-laws) within 2 days;6. write all actions, decisions and discussions on the Collection Form.7. Remember - do not accept partial payments!
3	If no payment - follow up with Group Leader and Treasurer re. Agreed upon actions of previous day: <ol style="list-style-type: none">1. Reinforce group moral and legal responsibility to repay;2. Get written promise regarding action for that day;3. write all actions, discussions, decisions on the Collection Form.
4	repeat day 3
5 focus on legal pressure	Second emergency group meeting - shift from moral to legal obligation. Credit Officer attends meeting and: <ol style="list-style-type: none">1. hand over second warning letter (from CO);2. explain legal obligation;3. go with the group to carry out threats from first meeting (i.e. seize assets or tell family);4. write all actions, discussions, decisions on the Collection Form
6,7,8,9	daily visits to Leader, Treasurer - make sure they are following

	up with the group
10	Third emergency meeting of group. 1.Credit Officer attends and delivers Warning letter from Credit Manager threatening legal action. 2. Follow up on actions, discussions from previous meetings. 3. Write all actions, decisions, discussions on the Collection Form.
14	Repayment day: The Leader will call a group meeting and the Credit Officer will attend Two scenarios: a) still no payment the CO explains that within the week the group will receive a warning letter from the lawyer. Three days later, if there is still no payment, JWDS will file a case against the group. b) the group makes one payment - the Promoter, CO and Group members will assess the situation. There is clearly an intent to repay now but there is a problem in getting the group up to date. The CO and Promoter may discuss ways to help the group make timely collections in the future and get the loan up to date. Again keep track of all discussions, decisions, actions on the Collection Form.
16	follow up with Leader and Treasurer
20	hand group over to Credit Officer to initiate legal action
ongoing	in conjunction with the legal action the Promoter should continue to apply pressure to the group to secure repayment. Don't give up until there is absolutely no hope of collecting from any member of the group.

Note: Copies of all letters must be kept in the group file
Promoter must document all interactions with the group specifying all actions (the group's and her own) on the Collection Form. A copy of this form is to be kept in the group file and a copy passed to the CO.

Lending Procedures

Promoting JWDS

JWDS 's target market is lower income women who have been or would like to operate a small business. Group Guaranteed Lending depends on clients forming their own groups. Marketing therefore, is done primarily through word of mouth as potential borrowers encourage their friends and associates to join them in forming a group. Promoters act as catalysts informing the key members of the target audience and encouraging them to spread the word. If the product is right and the process not too difficult then the fund will essentially sell itself.

In this process Promoters need to:

1. be very clear about the product and process of applying for loans so that potential borrowers can explain the process to others;
2. work with community leaders who can provide legitimacy for JWDS; advise the Promoter when and where to hold information meetings; and formally introduce the Promoter to community members;
3. project a professional business image of JWDS. JWDS is not a charity and even though the focus is on lower income clients, Promoters should not use 'poverty language' in describing their target market. The small size of loans will function to screen out more well to do individuals.

In line with point 3 above, the office also needs to be organized and operated professionally. The office must communicate that JWDS is a viable and serious lending institution that will follow through on it's commitment to collect late payments. **Loans will not magically turn into grants.**

Entering a New Area:

- Before opening up a new area the Credit Officer must first obtain approval from the Ministry of Development. This Ministry shall inform the Governor of JWDS's work in the area.
- A meeting shall be arranged with the area chief to quaint him with JWDS and it's activities.

Promotional strategies will include:

Working with Local Women's Organizations

- the Credit Officer will develop contacts with key women in the area (e.g. leaders of women's organizations...) and inform them of JDWS services. She will ask for a time to set up Information Meeting with members of the organization;

- Promoters will conduct a community information meeting and ask members of the audience to inform others of JWDS services. A sample agenda and tips for this meeting is outlined on the following pages.

Promoting to street vendors

The Promoter should start with vendors whom they know to be reliable. Use these key contacts to spread information among their friends, suppliers and colleagues.

Promoting door to door

- The Promoter, Credit Officer and a key business woman from the area will conduct door to door meetings and introduce JWDS services to the community.
- remember to wear the JWDS badge whenever promoting JWDS
- leave a flyer with information and contact name and number with women who are potential clients.

Community Information Meeting:

The information meeting is a general meeting open to anyone who is interested. Some will not be interested in the size of loan or the process of forming a group to guarantee their loan. As the Promoter, however, you can still use these people to help to spread the word to others who can use JWDS services.

Sample Agenda	Instructions	Materials
Welcome	The person who organized the meeting should welcome participants and introduce the Promoter . The Promoter will ask each person to introduce herself describe her business and explain how she would invest 75JD or 100 JD in her enterprise.	
Presentation	Using flip chart pages, describe the basic product and process of borrowing from JWDS .	flip charts in appendix A.
Question/ Answer	Allow time for participants to ask questions. Those who are not interested in JWDS loans are free to leave at this point.	
Next Steps	Explain to those remaining participants how they can form a group. Stress that they may invite others to join their group. They are not limited to those in attendance at this meeting. Explain how they can contact you once they have a group formed.	JWDS information flyer
Scheduling	If a preliminary group is formed in the meeting you can schedule the first preparatory meeting.	Calendar of available dates
Adjourn	Thank audience for their participation and ask them to let others know about JWDS .	

Tips to help guide the Information Meeting

- keep it lively and interesting
- involve participants - e.g. ask them for their experience in trying to get credit from other sources
- tell stories of how the fund has helped others - chose stories that will connect with participants
- stress benefits, advantages and opportunities - and that these are loans (not grants)
- emphasis that with JWDS they are opening a long line of credit - think in years not months
- listen to the concerns of the audience
- be sincere, enthusiastic and professional
- leave information where you can be reached

Preparatory Meetings: Overview

The preparatory process is designed to accomplish 2 things:

1. Inform group members of JWDS policies and expectations;
2. Build the strength of the group so that it can meet their own and JWDS's expectations over the long term.

Throughout this process group members will get to know the personal and financial situation of every other member. Even in groups where members have known each other for years it is important to assess the nature of the risk that they are taking on as a group. It is not just the willingness of each member to repay but their **capacity** as well that must be determined. Capacity is affected by the profitability of the business, personal financial commitments and spending patterns. It is important throughout this process that the Promoter and each member be able to discuss frankly all concerns regarding group cohesion and member projects.

The Preparatory process is comprised of four separate meetings spaced at least 3 days apart over a minimum two week period. Throughout the process it is important to demonstrate and demand punctuality. This instills a discipline and expectation on the part of both JWDS and the clients.

These meetings are described briefly below. Details of content and process of each meeting are provided in the following pages.

Meeting	Main purpose	Group Activity after meeting
1	Introduction of potential members and JWDS policies Review individual application form	complete application forms visit each others business determine group composition
2	Develop bylaws and elect executive committee Explain group accounting system	
3	Group assessment by CO	
4	Review and sign contract Disbursement of check by Promoter	Treasurer and Leader cash check and disburse to group members

Preparatory Meeting #1: Introductions, Policy Review and Individual Applications

Purpose:

1. Review JWDS policies, procedures and expectations
2. Enable members to decide with whom they want to form a group
3. Review individual application and hand out to members to assist in site visits

Audience: Preliminary Group members who are known to each other, have heard about JWDS and are deciding whether to form an official group.

Agenda	Instructions	Materials
1.What is JWDS ?	Start on time Introduce <ul style="list-style-type: none">• yourself and review the agenda for the meeting• JWDS - the purpose/ objectives• Client introductions	chart # 1 (appendix B) eligibility criteria
2.What size loans are available?	Using the flip chart describe: <ul style="list-style-type: none">• eligible uses of loans (i.e. business purposes)• loan sizes, terms, rates• loans are guaranteed by group membership	chart # 2 (loan sizes and terms)
3.How do I get a loan?	Explain JWDS 's loan process: <ul style="list-style-type: none">• the purpose of the 3 preparatory meetings• disbursement and repayment process	
4.How do I form a group?	Explain the rationale for business and character assessment. Describe how to fill out application form and conduct site visits. Stress that a good group is a priority. Think in years not months	application forms
5. What do we do next?	Review what must be done for next meeting Ask if there are any questions. Tell them to bring a small notebook to their next meeting.	
6.When can we meet again?	Schedule any follow up meetings.	Calendar of meetings
7.Close	Adjourn the meeting and thank participants for their time.	

Detailed Instructions for Preparatory Meeting #1

1. What is JWDS ? Introductions

Tell the group a little bit about yourself. Who you are, when you joined JWDS etc.

Explain briefly the history of JWDS (see Community Meeting Flip Charts)

Ask each member to introduce herself and describe:

- what kind of business is she involved in
- how long has she been doing this
- how she knows the other members of the group
- briefly how a loan of 75JD or 100 JD would help her business

2. What size are JWDS loans?

Refer to flip chart # 2 (Appendix B) to describe the size and terms of JWDS loans

3. How do I get a loan?

Group Formation:

Explain that: group lending is commitment and ability-based, rather than asset-based. If members are committed and able, they will find a way to repay their loans. In short, there is an important difference between someone who “can’t pay” and someone who “won’t pay.” This first preparatory meeting is to help members decide who they want in their group. Since it can be difficult to remove a member from a group once it is formed, members must be carefully selected.

Ask the group to think of some situations that would result in a ‘can’t pay’ scenario

- unexpected expenses such as a sick child
- theft of business inventory
- break down of the baker’s oven
- police crack down on unlicensed street vendors
- the buyer can’t pay for what she ordered

What would they as a group do in each case?

Ask them to think of situations in which a member would refuse to pay:

- disagreement in the group so one or two members refuse to pay out of spite
- some members don’t want another loan and see no reason to pay this one - ‘it’s American money - they can afford to help us’

Again, ask what they would do in each case.

This discussion should help the members to start to assess each other more carefully and prepare them for the site visits. If at anytime in the preparatory process you, as a Promoter, have serious doubts that someone is going to see their commitments through, it's best to be direct about your feelings with the group. JWDS reserves the right to only lend to those groups it feels confident about.

4. How do I form a group?

Explain that the group must decide who they want to be in their group. To do this they need to visit each others business or proposed business site, find out the strengths and weaknesses of the business so that they will understand clearly the nature of the risk they are undertaking.

Site Visits and Business Presentations:

After the first preparatory meeting group members should visit each person's business site to receive an in-depth presentation about the business. The site visits should give a much greater understanding of each business, and should verify what the member has already said.

Suggested questions for each member to determine the strengths/ weaknesses in this business might include:

- *What kind of business do you have?*
- *Is this a full-time, part-time or seasonal business?*
- *How long have you had this business?*
- *How has the business grown, and over what time? What are your monthly sales - good month? poor month?*
- *What is your projected business growth?*
- *How much do you have invested in your business (i.e. equipment, materials)*
- *Where do you purchase your supplies?*
- *Do you have credit with your suppliers?*
- *What are your other sources of income?*

Caution the group to be aware of any weak links in their group. Some groups have reported running into problems when they accepted a weak member into the group. Sometimes this happens because people feel it's too much of a hassle to find another member. Sometimes it happens because people want to believe that someone is trustworthy when their instincts say otherwise. Be careful about falling into this particular pitfall. Difficult as it may seem, it's better to deal with this now than later.

Each member should ask herself:

- *Do I feel comfortable with the other group members?*
- *Are these people committed to the group? Are they reliable?*
- *Do they repay their debts?*
- *Was it difficult to set up the meetings and site visits?*
- *Are there questions about GGLS that need further explanations?*

6. What do we do next?

Explain that the next step is for the group members to each fill out their own business application form, visit each others business and decide who they want to be in the group. Once group membership is fixed they are ready for Preparatory Meeting 2.

TIPS for Conducting First Preparatory Meeting

- Language - describe the various parts of the process as “it’s in your best interest... “ rather than saying “you have to do this ...”.
- Explain why each step is included. This will encourage members to see the usefulness of the process and take the preparatory seriously rather than seeing it as a bunch of hoops to jump through.
- Site visits - give examples of the types of discussion that might occur. Emphasize the benefits of the site visits i.e. in presenting your business to others they may have ideas to develop certain aspects of the business (operation, products ...) that you have not thought of before.
- If someone is a supplier and has no business site per se then they should describe in detail where they buy their product, how they transport it, and provide records that demonstrate the need for a loan and the capacity of the business generate weekly return needed to repay their loan.
- Give options such as “I don’t think you are ready for this yet...” This can help the group to deal effectively with weak members .
- Watch for financial anxiety e.g. talking more about the money than about their business.

Jordanian Women's Development Society
Individual Loan Application Form

Client Name: _____ National ID #: _____
Date of Birth: _____ Marital Status: _____ Husband's Name: _____
Address: _____
Group ID #: _____ Date: _____

Family Information:

Number of family members: _____ Number of family members working: _____

Business Information:

Kind of Business: _____ Length of time in Business: _____
What experience do you have in this type of business? _____

Is this a full-time or part-time business? _____

Size of loan requested: _____

If this is a follow-up loan please describe how you used the previous loan _____

How do you plan to use this loan? _____

How will it benefit your business? _____

Where do you buy your business inputs? _____

Average cost of inputs per month: _____

Where do you sell your product? _____

Average sales per month _____

Average profit per month _____

Household Income:

Self - income from business: _____

- income from other sources: _____

Income of other family members: _____

Gross household income per month: _____

How do you plan to repay this loan if your business does not develop as expected? _____

I certify that all the information supplied on this form is true, complete and correct to the best of my knowledge.

X _____

Client Signature

Date

Group Leader: _____ date _____

Promoter: _____ date _____

Preparatory Meeting #2: Elect Executive Committee, Develop Group Bylaws, Review Group Accounting System

Purpose of Meeting:

1. To check site visit process, collect applications for review
2. To discuss the role of Group Executive Committee and elect Committee
3. To discuss and develop group bylaws
4. To review group accounting system to monitor repayment

Agenda	Instructions	Materials
Welcome	Start on time Welcome members	
Review site visits	Ask for individual loan application forms. Check knowledge of businesses gained in site visits. Explain that once the composition has been fixed the group must be formalized by electing an Executive Committee and writing bylaws.	
Group Officers	The group must elect a Leader, Treasurer and Secretary. Refer to flip charts #3 to describe these roles.	Flip chart #3
Election of Officers	Ask members for nominations for Leader. Vote on this position. Then ask for nominations for Treasurer. Vote again. Repeat for Secretary.	
Group Bylaws	Refer to flip chart # 4 and discuss mandatory group bylaws. Allow time for the group to discuss and write their bylaws in their group notebook. Discuss optional bylaws and allow time to discuss and write up.	Flip chart #4
Group Accounting	Describe to all members the Treasurers Accounting form and voucher receipt form (Appendix B)	Treasurer's forms
Scheduling	Set next meeting date and time. Inform members to bring a photocopy of their National ID Card to the next meeting and a photocopy of their by-laws. Inform members that each business will be visited by the Promoter to check application data.	Calendar of meetings
Adjourn		

Tips for Conducting Second Preparatory Meeting

- check out site visits and knowledge of each other's business by asking each member to describe another member's business (Promoter decide which member to be described) pointing out one strength and one weakness.
- Election of Executive Committee - usually the group knows who they want to be their leader and the election is often a formality but this does not diminish it's importance. The Treasurer Is a key position that they must consider carefully. The person to be the Treasurer must be well known, trustworthy, punctual and organized. The group is trusting her to make the payments to the bank on time so she must be reliable. The Promoter may test her reliability by asking for her experience in making bank deposits, managing money etc.
- Developing by-laws - flip chart #3 - make sure they are very clear about what they would do as a group (not just Leader or Treasurer) to follow up on late payments. Do they want to include seizing assets (e.g.. a television) or informing family members, as a consequence of non-payment? Reinforce their moral responsibility to repay on time and the consequences for late payment (reduced access to future credit).
- Treasurer's accounting forms:
 1. Treasurer and Leader must sign check receipt to show they have taken the check from the Promoter
 2. Loan receipt - each borrower must sign the amount that she has received from the Treasurer.
 3. Repayment schedule - each repayment meeting the Treasurer will fill in the amount that each member has paid. (Savings have been suspended until further notice so ignore this part of the form).
- Depositing money at the bank - take JWDS supplied voucher (with loan and group id #) - make deposit and get teller to stamp deposit information on the voucher. **Deposit voucher in the JWDS box in the bank branch** (or arrange to get it the Promoter that day).

After this meeting the Promoter must visit each business and check the information provided on the individual application form. Only when the Promoter is convinced that the group is ready to take a loan should she arrange for the Credit Officer to assess the group (Preparatory Meeting #3).

Preparatory Meeting #3: Group Assessment

Purpose:

1. To allow Credit Officer to assess the quality of the group

Agenda	Instructions	Materials
Welcome	Start on time. Leader welcomes members. Introduce Credit Officer and explain her role in the meeting.	
Review of bylaws	Leader asks secretary to read bylaws developed in last meeting.	Photocopy of group's bylaws
Group Assessment	Credit Officer will question various group members about their knowledge of other members, their businesses, group bylaws, JWDS policies and plans to follow up on late payments.	Group members deliver copies of ID cards
Questions	Allow time for group members to ask any questions of the CO or each other.	
Next Steps	CO will check 3 businesses before making her final decision to approve the group. Set the time for Promoter to inform the group of the CO's decision.	
	Adjourn	

Group Assessment: Detailed Instructions

Once the group has completed the preparatory process they need to be approved by the Credit Officer. It is important that staff never feel like they have to approve a group or loan. The approval stage is not a rubber stamp. It is a real “out” for JWDS to decline lending to a questionable group. It can be tough to decline a group at this level especially if they have worked through all the stages of the preparatory process.

Leading up to this stage, the Promoter must discuss any concerns about approval with the group and prepared them for the type of questions the Credit Officer may ask.

Process:

The Credit Officer will assess the group at two levels:

1. The capacity of their businesses to generate revenue to cover loan payments and
2. The strength of the group as a whole and their knowledge of JWDS policies.

A simple way to assess these two areas is to ask each member to introduce the person across from her and describe:

- the type of business she operates;
- the length of time she has been doing this;
- how much she makes each month now;
- what she wants to do with the loan and;
- how the loan will help her business to be more profitable.

Interspersed with these business questions the Credit Officer should ask questions that explore group cohesion. These questions may include:

- How long have you known this person?
- How did the group form?
- What are the responsibilities of the group leader, treasurer, secretary?
- What plans has the group made in case someone is unable to pay?
- What do you think about group guaranteed lending?

For subsequent loans add these questions:

- What was the previous loan used for? How did it help her business?
- Has the applicant's previous loan been repaid?
- How timely was the applicant's repayment of the previous loan?
- How committed was she to attending group meetings?

Keep notes on the approval meeting with the group. These notes should be kept with the group file.

3. The Credit Officer must visit at least three of the businesses before approving the group. These visits should occur within 2 days of the third preparatory meeting. If the Credit Officer approves the group she will inform the Promoter (within 2 days of the 3rd meeting) and discuss when to schedule the next meeting.

If the group is not approved the Credit Officer must explain to Promoter that the group is not yet ready to receive a loan. Specific items of concern will be communicated in writing to the group as well as steps they may take to prepare themselves to be approval in the future.

4. Once the CO has approved the group she will fill in the Group Loan Application (all information is provided on the Individual Loan Applications). The CO will send this application to the JWDS head office for MIS approval.
5. Upon MIS approval the CO will prepare the check requisition and send it to head office for check preparation (site offices prepare checks on site).
6. CO and Promoter will prepare the Group contract. The CO will fill the bulk of the contract while to Promoter will fill the sheets with the member names and other details.

Loan Preparation: Promoter Checklist

Group # and Name: _____

Loan # _____ Loan Amount: _____

- ☐ Application forms from all members filled out and signed by Group Leader
- ☐ Photocopies of members identification in Group File
- ☐ Photocopy of group bylaws (as approved by Promoter) in Group File
- ☐ Group approved by Credit Officer
- ☐ Site visits by Credit Officer and Promoter

If Approved

- ☐ Group Loan Application form prepared by Credit Officer
- ☐ MIS approval received
- ☐ Check requisition prepared by CO and sent in (or prepared locally)
- ☐ Contract prepared and ready for signing
- ☐ Promoter disburses loan

If Group not approved at this point

- ☐ Credit Officer to meet with Promoter to review concerns
- ☐ Report on rationale for decision and follow up discussions with group (report placed in group file).

For Subsequent Loans add:

- ☐ Review group repayment history to determine amount for which the group is eligible.

Preparatory Meeting #4: Loan Disbursement

Purpose:

1. To review contract and have each member sign their agreement
2. To hand over loan to Group Leader and Treasurer
3. Review repayment procedures

Agenda	Instructions	Materials
Welcome	Group leader welcomes all members and the Promoter and explains purpose of the meeting	
Record Keeping	Promoter reviews repayment process (bank account #, bank voucher) and group records to be kept by the Treasurer	Treasurer Accounting forms
Identification of members	Promoter verifies each member with their ID card and photocopies.	member ID cards
Contract from JWDS MIS	Secretary reads contract and asks each member to sign/ stamp against her name.	Contract ready to be signed
Loan Disbursement	Promoter hands over check and Group Leader signs receipt.	Check receipt
	Group Leader makes arrangement to meet with members later to disburse cash.	
Adjourn	Adjourn meeting	
	Leader and Treasurer go to bank to cash check then disburse loan to individual members. Borrowers sign receipt.	

Disbursement Procedures

Loans will be disbursed in the form of a check to the Group Treasurer and Leader.

- ☐ Promoter will collect the check from the Credit Officer and sign the Check Log Book to indicate receipt of the check.
- ☐ All members of the group must be present for the loan disbursement. No partial disbursements are allowed even if 10 of 11 members show up the loan cannot be disbursed.
- ☐ Each member must bring their **National Identification card**
- ☐ The Promoter will remind the group of the payment dates and consequences for late payment
- ☐ Each member will sign and stamp her signature on the loan contract.
- ☐ The Treasurer and Group Leader will sign the check receipt
- ☐ The Promoter will provide the Treasurer with:
 - 9 pre-filled loan vouchers (group and loan id # filled in)
 - a loan receipt for members to sign when they receive their loan
 - Treasurers Accounting Form

- insert sample treasurer record sheet
- insert check receipt (loan received from JWDS)
- insert voucher receipt for groups to verify they have given voucher to Promoter

Repayment Procedures

- ☐ Thirteen days after the disbursement date the Group will meet with the Promoter and deliver payments to the Treasurer. The Treasurer will deposit the payment in the JWDS account. The Promoter will never accept payments.
- ☐ If a member fails to show up or make a payment the group will take immediate action to collect the payment.
- ☐ The Promoter will provide 9 vouchers (with Loan and Group # filled in) to the Treasurer. The Treasurer will have this voucher stamped by the bank when she makes the bi-weekly payment.
- ☐ The voucher must be dropped in the JWDS voucher box at the Bank. The Promoter will again check the group # and loan # and pass the voucher onto the Credit Officer for input into Head Office MIS and follow up on delinquent payments.

Promoter Files

Group Files (file by Promoter and in order of group number)

Promoters must keep a set of files on each group. For each group the file should contain:

- ☐ Promoter notes from the group formation, preparatory and other meetings
- ☐ copy of the group bylaws
- ☐ applications for each loan taken
- ☐ photocopies of member identification cards
- ☐ Group Loan Application
- ☐ copies of warning letters
- ☐ information regarding blacklisting of the group or members

Loans - current (file by contract number)

- ☐ contracts on loans currently outstanding
- ☐ delinquent loans - contract and collections sheet attached

Loans Paid Out and Loans Written Off (file by contract number)

For each loan that has been paid out attach the following documents and keep in a separate file.

- ☐ contracts of loans paid off

Ongoing Group Meetings

After the loan has been disbursed the Promoter will continue to meet with the Group for at least 4 more meetings. The Promoter will function as an observer in these meetings and provide input only as requested from the Leader. The goal is to build up the group so that they can function independent of JWDS staff input. The group is responsible for identifying and solving their own solutions.

The number of follow-up meetings depends on the strength of the group. Strong groups should be visited once a month while weak groups need to be monitored weekly.

Sample Agenda:

1. Leader welcomes members, takes attendance in the group notebook and introduces any guests that may have asked to sit in on the meeting.
2. The Treasurer offers repayment report and collects member loan payments.
3. Secretary registers attendance and takes meeting minutes.
4. Each member in turn discusses how her business is going. If loans have just been received they should describe how they used the money and what difference it has made in their business so far. The Treasurer, or another member, should keep minutes of these meetings and have them ready to show JWDS if required.
5. Each week a different special topics such as marketing, bulk purchases, and ideas for new products could be discussed. A guest speaker could be invited to inform the group of certain topics.
6. The Leader should ask for discussion topics for the following week(s) and if another member would like to organize a topical discussion in the future.
7. Adjourn

PROMOTER S WEEKLY SCHEDULE

At the beginning of each week Promoter's must fill out a report of their activities for that week . This report specifies the number and type of meetings they plan to attend and promotional activities. This report enables the Credit Officer to quickly assess the activities of each Promoter and anticipate the number of assessment meetings that she will need to schedule in the coming week. A sample of this report is on the next page.

Promoters Group Monitoring Report

Promoters must monitor bi-weekly group repayment using the form provided (sample on following page).

Insert Promoters weekly schedule

Insert Promoter's Group Monitoring form

Collections

Most of the success met in reducing delinquencies is the result of active training clients to meet their repayment obligations.

There are three basic categories of delinquent borrowers:

1. Those who will comply with minimum difficulty. One call negotiates the payment to successful resolution. For example those who are:
late one and one time only
late occasionally but compliant
2. Those who will co-operate only after maximum effort and then become delinquent again two weeks later. These are high-maintenance clients. In this category are those who are:
habitually late but communicative
habitually late and insincere communicators
3. The last group of delinquents, hopefully few, will default regardless of collection procedures and the energy with which they're applied. Once a manager is satisfied in his/her own mind that a borrower will not comply without coercion she should pursue legal action. This last category consists of those who are:
accessible but uncommunicative
inaccessible

Three Delinquent Strategies

Typically a delinquent borrower will respond to a lender with:

negotiation, delaying, or avoidance. Of these, the first is active while the second and third are passive. You must keep delinquents active - communicating, bargaining, dickering -- provided the process does not degenerate into a form of delay. A talking delinquent will generally come to terms of his/her own accord. If they are allowed to become passive, they are in danger of eventual default.

Three Collector Strategies

Collector powers are always active. Since the delinquent borrowers choice action is to do nothing, it is your actions alone that will catalyze repayment. Collector strategies are: **negotiation, conversion, and coercion.** The first step is to determine the type of delinquent you have and match your strategy with theirs. There is no need to overpower a delinquent who is negotiating in

good faith; in fact, that usually proves counter-productive. Save the other strategies for delinquents who are in passive denial or who have chosen to avoid you.

1. Negotiation

“Negotiation” describes a number of activities carried out to reactivate late clients. Sometimes, negotiation is as simple as mere notification of a payment that’s overdue. In this stage of collection keep things positive and upbeat. Point out the value of JWDS’s service to the client. Emphasizing:

- the uniqueness and importance of the credit opportunity JWDS’s funds have provided so far,
- the benefit of group support
- access to further loans

Genuine positives, well-promoted, will produce a positive effect on most delinquents, especially those who value your credit supply and are benefiting from it. By telling them how much they have to gain, you are also telling them, exactly how much they have to lose if they default.

A delinquent who will negotiate in good faith is essentially taking responsibility for his/her debt-position. The goodwill is there and in collecting, client goodwill is 70% of the struggle. (The other 30%, not surprisingly, is the actual existence of the clients ability to repay.)

Some delinquents inevitably compel you to increase the pressure. Where no real negotiation is forthcoming, you must confront a delinquent’s delay head-on and ‘convert’ her from a path to default.

2. Conversion

If the late borrower shows up to negotiate they may enter into what appears to be genuine negotiations that suddenly seem to drag and lose momentum. A point will soon come when you realize that these borrowers are using negotiation as a delaying tactic. If they can keep up the appearance of purposeful communication, they think, nothing bad can happen to them.

Usually, the ‘delayers’ are correct. First, they have achieved inactivity. By being evasive, they have talked you to a standstill; their agenda of inaction has taken charge. The second reason, often the cause of the first, is that most managers find it hard to ratchet-up the power on a client who seems to be accessible, friendly and co-operative.

It takes time to learn just when and how to change gears on delayers. Remember that procrastinating clients are not being “so nice”. You are being manipulated by someone who is showing you the “friendly face” purely because it will make it harder for you to be tough with them.

What ever strategy they are using, you need to explain the consequences. Conversion is about making the downside of continued delinquency crystal clear. Conversion is essentially a variety of threats that may motivate the delinquent to reconsider the consequences of non-payment. In JWDS's case the variety of threats include:

- I. Termination of access to future credit for the entire group
- II. Shaming in front of peers as being unreliable

The use of the right threat at the right moment and with the right presentation is essential for effective collecting. You have to hope that the demonstration of your intent to follow through, however reluctantly, will turn borderline defaulters back to meaningful negotiation.

The internal resolution of a payment problem is an excellent way to strengthen the group, reinforce mutual accountability and train them in how to collect in their own business situations.

3. Coercion:

Despite all of your best efforts some delinquents will still refuse to pay. They will hide; refuse to communicate; or communicate only to tell you that they will not or cannot pay. “I-can't-pay” may be legitimate or it may be another delaying tactic. Do not believe them unless you have some evidence that they are genuine.

Coercion usually involves assigning the loan to a collection agency or taking legal action. In JWDS's case coercive action means taking the client to court and getting judgment against them. As difficult as it may seem, this action will send a message to all JWDS's clients. Step by step procedures for taking legal action are outlined on the following page.

Letting Go

Once you have moved a delinquent into the coercion phase, your work with this client is effectively over. You cannot force people to pay and continued effort means that other groups are being neglected. Turn the group over to the Branch Manager for follow action and got on with your other groups.

Delinquency Letters

A delinquency letter should be a direct, impersonal notice, pre-photocopied with fill-in-the-blanks areas for hand-written details and appended comments. It conveys no personal warmth or charm. It's formal to the core and packs all the more 'punch' for being "unspecial", off-the-rack commercial communication. This letter should go out as soon as the loan is 2 days in arrears and will give the debtor 3 working days to satisfactorily bring their loan up-to-date.

If the first letter does not achieve the desired result after, then the second/final notice goes out. This letter is the final invitation to re-negotiate/update the loan, but also indicates that actions will be taken if arrears persist.

Paperwork

Making notes in your delinquent file is essential. Do not rely on memory. Keep copies of all the letters you sent to and receive from a delinquent group in their file. Record the dates of your calls, visits and their results on the delinquency follow up form. Bits of conversation and your impressions are all useful forms of collections data. Especially in a group situation it is important to keep track of who said what and when.

DELINQUENCY FOLLOW-UP SHEET

Date: _____

Group Name: _____

Outstanding Loan Balance: \$_____ Original Loan Amount \$_____

Amount in Arrears: \$_____ As of _____

Number of Days Past Due: _____

Follow up with group leader, other members, whole group (phone calls, letters, meetings, etc. Please be as concise as possible and attach any correspondence):

Date	Notes	Initials

Note: Attach this form to the payment schedule of the delinquent loan. Once the loan has been paid out these sheets and all attached communications will be placed in the Group file.

Delinquency Letter #1

Group Leader's Name: _____

Address: _____

Re: Notification of Loan Payment Arrears

Contract #: _____ Group name/ #: _____

Dear _____:

We refer to our previous communication (_____) and wish to confirm that your group's loan is currently behind on payments. Please arrange to have your account up-to-date within 2 days from the date of this letter.

We would like to remind you of the valuable opportunity JWDS 's funds have provided to the businesses of your group members and their families.

In view of the above, we encourage you to treat this as a matter of importance and make every effort to bring your loan up-to-date.

Yours Sincerely,

JWDS Promoter

Please note: An penalty payment of _____ is required to bring your account up-to-date

Received: _____ (Group Leader) _____ (date)

Delinquency Letter #2

Group Leader's Name
Address

Re: Final Notification of Loan Payments in Arrears

Contract #: _____ Group name/ #: _____

Dear _____:

We refer to our letter of _____, and wish to advise that we have not yet received any response from you to bring your group's loan up to date.

We hereby make formal demand that you make payment in the amount of \$_____ to bring your payments up to date within 2 working days from the date of this letter. Should you fail to make satisfactory arrangements by that time, **we will assign your account to lawyer for legal action.** This will permanently impair access to business financing through JWDS for you and **all** the members of your group.

Yours Sincerely,

JWDS Credit Officer

Received: _____ (Group Leader) _____ (date)

Appendix A: Flip Charts for Community Meetings

Appendix B: Flip Charts for Preparatory Meetings

Flip Chart #1: Eligibility Criteria for Group Members

Acceptable borrowers must:

- be at least 18 years of age and live and/or operate their business in the same neighborhood;
- own a business (or be willing to start one - maximum 2 start ups per group)
- provide National Identification Card;
- belong to a JWDS Group comprised of 10 members each of whom is from a household and business separate from those of other members;

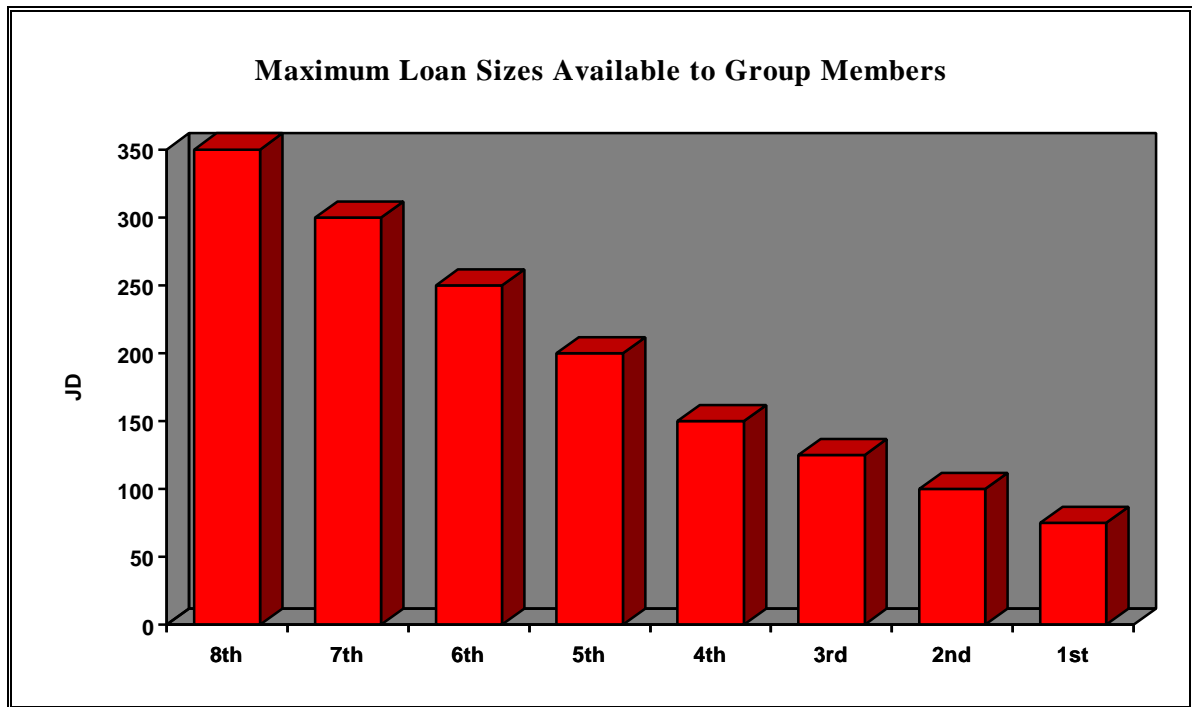
Groups must:

- self-select its members and guarantee the repayment of each others loan;
- select a group leader, secretary and treasurer
- complete 3 preparatory meetings to be conducted by JWDS staff and be approved by the Credit Officer
- develop group by-laws regarding attendance, late payment penalties and defaults. Group by-laws must be approved by JWDS.

Flip chart #2: JWDS Loans

JWDS makes loans to groups of women for business purposes.

The size of the group loan is a sum of what each individual is eligible for at that point in time. First loans start at 75JD or 100JD.



loan cycle	loan size (JD)	term (weeks)	administration fee
1	75	18	8%
2	100	18	8%
3	125	18	8%
4	150	22	10%
5	200	22	10%
6	250	22	10%
7	300	26	12%
8	350	26	12%

- Members make payments bi-weekly at group meetings. The Group Treasurer will deposit to group payment to the JWDS account at the bank.

Flip Chart #3: Group Executive Committee - Roles and Responsibilities

Group Leader:

1. keep all group records including: a notebook with group bylaws; a copy of the group contract;
2. ensure all members are abiding by group bylaws;
3. go with the Treasurer to the bank to cash the loan check. (Check is made but in the name of the Leader and Treasurer);
4. ensure Treasurer makes timely deposit of payments at the bank;
5. be the main contact between JWDS and the Group;
6. take responsibility for mobilizing the group to follow up on late payments;
7. immediately communicate any repayment problem to JWDS and to inform JWDS of the plan the group has worked out to resolve the problem.

Responsibilities of the Treasurer:

1. go with the Group Leader to the bank to cash the loan check.
2. distribute loans to group members;
3. collect installments of loan payments and fines (late penalties as defined in the group bylaws) from the group members and deposits payments in the JWDS account at the bank;
4. ensure the bank voucher is filled in correctly and delivered to the Promoter. Keep one copy for the group;
5. keep accurate record of member payments and fines in the Treasurers Account form.

Responsibilities of the Secretary:

1. register group by-laws and ensures all members sign;
2. take attendance at all meetings and register names of absentees;
3. register names of members and fines levied (if any) for lateness to meetings or in payment;
4. keep notes of discussions during all meetings;
5. read minutes of previous meeting at beginning of each meeting;
6. acts a group leader or treasurer if either of these are absent.

Flip Chart #4: Group Bylaws

Mandatory bylaws:

1. The group will elect a Leader, Treasurer and Secretary and decide how often will the Officers rotate (e.g. annually or after each loan cycle)
2. The group will keep a notebook in which with group bylaws, minutes of important decisions and internal records of repayment are kept.
3. All members must attend 3 preparatory meetings and all must attend the Loan Disbursement Meeting.
4. Every other week the group will meet to make payments on their loan and discuss issues of concern. The group must decide where and when to hold their weekly meeting.
5. The loan will be made between JWDS and the group as a whole, however, each member must sign the contract and are each individually responsible for seeing it fulfilled.
6. The group must determine how they will ensure regular payment and attendance at meetings. Fines (e.g. 0.5JD) for late payments or missed meetings may be set.
7. The group will establish how a member can be removed from the group. A member may not leave voluntarily until all loans that bear her signature are paid out in full. Members may only be removed or added at the end of a loan cycle.
8. The group must decide how they will add new members in the future.
9. All members must know and agree to abide by JWDS policies.

Optional bylaws:

1. Does the group want to set up a group fund/savings account? How will this money be managed?
2. Does the group want to establish internal collateral agreements to secure each others loans? If so how will this be done?

REMEMBER: Bylaws must be approved by the Credit Officer. These become part of the contract and thus can only be changed at the end of each cycle.